

Message Text

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13-11
ACTION PM-04

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CHMAAG THE HAGUE/AF SEC/
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E.O. 11652: N/A
TAGS: MASS, DA
SUBJECT: F-16 LETTER OF OFFER

1. SUMMARY: SUMMARY: THE DANISH GOVT, THROUGH MINISTRY OF
COMMERCE, HAS STRONGLY OBJECTED TO THE TERMS AND CONDITIONS
CONTAINED IN A DRAFT LETTER OF OFFER FOR THE F-16 AIRCRAFT
WHICH WAS RECENTLY SUBMITTED TO THE F-16 EPG STEERING COMMITTEE.
A COUNTERPROPOSAL WILL BE TABLED AT NEXT WEEK'S MEETING OF
THE CONTRACTUAL AND FINANCIAL SUB-COMMITTEE. END SUMMARY.

2. BACKGROUND: AT THE LAST MEETING OF THE F-16 EUROPEAN
STEERING COMMITTEE, THE US PRESENTED A DRAFT LETTER OF OFFER
FOR FOREIGN MILITARY SALE (FMS) OF THE F-16 AIRCRAFT.
ALTHOUGH NOT PRESENTED ON THE STANDARD DD FORM 1513 FORMAT,
THE LETTER CONTAINED ALL THE STANDARD TERMS AND CONDITIONS
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FOUND IN THE NORMAL FMS CONTRACT. THE DANISH REP,

ADMIRAL RODHOLM, FOUND THE PROPOSAL UNACCEPTABLE AS PRESENTED. THE OTHER COUNTRIES WERE APPARENTLY NON-COMMITTAL, BUT THE PROPOSAL WAS PASSED TO THE CONTRACTUAL AND FINANCIAL SUB-COMMITTEE FOR STUDY. THIS SUB-COMMITTEE IS CHAIRED BY DANISH COL. CHRISTIANSEN.

3. YESTERDAY, APRIL 20, DCM LUKENS MET WITH MRS. KATE GALLE, DANISH MINISTRY OF COMMERCE, AT HER REQUEST. (HER HUSBAND IS PRIMIN JORGENSEN'S FOREIGN AFFAIRS ADVISER.) MRS. GALLE STRONGLY OBJECTED TO THE DRAFT AND INDICATED THAT SUPPORT FOR THE DANISH POSITION HAD BEEN SECURED FROM AT LEAST THE BELGIANS AND THE DUTCH. WE UNDERSTAND THAT THE LETTER OF OFFER IN EFFECT RETURNS MANAGEMENT RESPONSIBILITY FOR THE F-16 PROGRAM TO THE US DEPARTMENT OF DEFENSE. MRS. GALLE STATED THAT THIS IS IN CONFLICT WITH THE FIVE-COUNTRY MEMORANDUM OF UNDERSTANDING AND PRELIMINARY CONTRACT WHICH WERE SIGNED LAST SUMMER. EPGS (EUROPEAN PARTICIPATING GOVERNMENTS) FEEL STRONGLY THAT THE F-16 IS A JOINT VENTURE. MRS. GALLE REFERRED TO THE SEA SPARROW CONSORTIUM WHICH SHE STATED IS BEING MANAGED MULTINATIONALLY. IN SUBSTANCE, HER POSITION WAS, "IF THERE IS NOT A CHANGE OF ATTITUDE ON THE PART OF US OFFICIALS, THEN THE EUROPEAN GOVTS WILL HAVE TO TAKE A NEW LOOK AT THE WHOLE PROGRAM."

4. THIS STRONG STAND MAY OR MAY NOT BE A BLUFF, BUT IT CERTAINLY REFLECTS THE EUROPEAN OPINION THAT THEY ARE PARTNERS, NOT PURCHASERS. UNDER COL. CHRISTIANSEN, THE DANISH STAFF HAS PREPARED AN ALTERNATIVE SET OF CONDITIONS, WHICH RESTATES THAT THE MOU IS THE PREVAILING DOCUMENT, AND WHICH EXTENDS THE MOU TO COVER THOSE AREAS NOT PREVIOUSLY ADDRESSED.

5. WE ASSUME THAT THIS POTENTIAL IMPASSE CAN BE DEFUSED IF US REPS TO THE SUB-COMMITTEE MEETING NEXT WEEK ARE PREPARED TO COMPROMISE ON THE TERMS AND CONDITIONS OF SALE AND TO ACCEPT THE MOU AS THE GOVERNING DOCUMENT PERTAINING TO THE SALE. THE FACT THAT MRS. GALLE CHOSE TO GIVE US PRELIMINARY WARNING MAY REFLECT IN PART HER CONCERN FOR DANISH COMMERCIAL INTERESTS WHICH COULD BE DIRECTLY AFFECTED BY LIMITED OFFICIAL USE

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ANY PROBLEM IMPACTING ON F-16 CO-PRODUCTION. HOWEVER, SHE SAID SHE WAS SPEAKING FOR THE ENTIRE DANISH GROUP OF OFFICIALS CONCERNED WITH THE F-16 AND THAT THEY SERIOUSLY FEAR A BREAKDOWN OF THE ENTIRE PROGRAM. GIVEN THE POLITICAL IMPORTANCE OF THE PROGRAM, WE WOULD SUGGEST THAT THE US TEAM IN BRUSSELS BE AS FLEXIBLE AS POSSIBLE IN MEETING EUROPEAN CONCERNS.
DEAN

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